CANADA·ONTARIO Crop Insurance

SEVENTEENTH ANNUAL REPORT

THE
CROP INSURANCE COMMISSION
OF ONTARIO

For
Fiscal Year Ended March 31, 1983

Agriculture Canada
Ontario Ministry of Agriculture and Food

Toronto, Ontario
Sept. 13, 1983

To The Honourable Dennis R. Timbrell, Minister
Ministry of Agriculture and Food
Province of Ontario.

Sir:

I have the honour to submit herewith the annual report of The Crop Insurance Commission of Ontario for the period April 1, 1982 to March 31, 1983 including the financial statements for The Ontario Crop Insurance Fund and the report of the Provincial Auditor.

Respectfully submitted,

M. Huff, Chairman
The Crop Insurance Commission of Ontario

Seventeenth Annual Report

of

The Crop Insurance Commission of Ontario

For Fiscal Year Ended March 31, 1983

COMMISSION MEMBERS

MORRIS HUFF — Chairman

HECTOR DELANGHE — Member

JOHN EPPEL — Member

ROBERT HAWLEY — Member

EDWARD MAILLOUX — Member

OFFICERS

MORRIS HUFF
General Manager

WM. K. REGAN
Assistant General Manager

M.J. TAGGART
Assistant General Manager/Accounting

W.A.R. ATKINSON
Secretary

RESPONSIBILITIES

— Administration of the Canada-Ontario Crop Insurance Program.

— Administration of crop insurance plans, established by regulations, including the functions of selling, underwriting, claims adjustment, and accounting.

— Conducting surveys and research programs relating to crop insurance, to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

The Commission is responsible for the operation of the Canada-Ontario Crop Insurance Plan.

In 1982-1983, 46 separate plans were offered. Fresh Market Plans continued to grow although they still represent a small portion of the Commission's business. With these plans, percentage damage is estimated as measuring yields is very difficult and can be severely affected by market conditions.

1982-1983 was one of the worst years in the Commission's history. Adverse winter conditions destroyed a large percentage of the winter wheat crop in South Western Ontario with claims at 175% of premium income. A summer hail storm caused wide spread losses to several orchards and vegetable production areas in Central Ontario. An early frost in August severely damaged a substantial number of crops on the north shore of Lake Erie. While there was frost damage in other areas, the tobacco crop losses were the most significant. The Commission paid tobacco claims approaching one-third of tobacco insurance in place or over $61 million.

Ironically, an open fall with favourable harvest conditions provided a positive year for many other crops for both the Commission and its customers.

FEDERAL-PROVINCIAL FINANCING

The Federal Governments visibility requirements resulted in the "Canada-Ontario" prefix appearing on all Crop Insurance material from mid 1982 onward. The Government of Canada contributes 50% of premium costs to the plan while the Ontario Government covers administrative costs. In view of substantial losses in 1982-1983 the Federal and Provincial Governments contributed $15 million each to minimize interest costs on funds where historical losses exceeded 150% of premium income.

The total contribution of the Federal Government was $31,461,958 while the Provincial Government contribution was $18,334,250 for 1982/1983.

THE CROP INSURANCE COMMISSION OF ONTARIO

(Incorporated without share capital under
The Crop Insurance Act (Ontario))

BALANCE SHEET
as at March 31, 1983

ASSETS

	1983	1982
	$	$
Cash	3,525,490	316,542
Accounts and premium subsidy receivable	516,465	335,277
	4,041,955	651,819

LIABILITIES

Provision for payment of unsettled indemnities *(note 1b)*	843,570	874,798
Premiums collected in advance *(note 1c)*	1,393,740	1,163,190
Unearned premiums *(note 1d)*	1,987,868	1,232,929
Advances from the Treasurer of Ontario *(note 3)*	47,532,208	31,391,331
Advances from the Ministry of Agriculture and Food	5,000	5,000
	51,762,386	34,667,248
Less deficit	47,720,431	34,015,429
	4,041,955	651,819

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1983 and the statements of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1983 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

D. F. ARCHER, F.C.A.,
Provincial Auditor.

Toronto, Ontario
July 20, 1983.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF REVENUE AND EXPENDITURE
for the year ended March 31, 1983

	1983	1982
	$	$
REVENUE		
Crop Insurance Premiums:		
Premiums from insured persons	16,461,958	15,659,510
Premium subsidies from the Government of Canada	16,461,958	15,659,510
	32,923,916	31,319,020
Premium Adjustment *(note 4)*	30,000,000	—
Administrative expenses paid by the Province of Ontario *(note 2)*	3,334,250	2,489,015
Interest income	286,471	163,852
	66,544,637	33,971,887
EXPENDITURE		
Indemnities (8,427 claims; 1982 - 7,010 claims)	74,115,585	18,495,565
Administrative expense (Schedule)	3,334,250	2,489,015
Interest on advances from the Treasurer of Ontario *(note 3)*	2,916,192	3,825,450
Unrecovered claim overpayments	—	12,892
	80,366,027	24,822,922
Excess (deficiency) of expenditure over revenue	13,821,390	(9,148,965)

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF DEFICIT
for the year ended March 31, 1983

	1983	1982
	$	$
Balance, beginning of year	34,015,429	43,122,512
Adjustments to prior year's indemnity provision *(note 1b)*	116,388	(41,882)
	33,899,041	43,164,394
Excess (deficiency) of expenditure over revenue	13,821,390	(9,148,965)
Balance, end of year	47,720,431	34,015,429

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

SCHEDULE OF ADMINISTRATIVE EXPENSES
for the year ended March 31, 1983

	1983	1982
	$	$
Salaries	1,100,138	876,829
Commissions and fees - agents	880,319	799,857
Fees and expenses - adjusters	773,821	390,686
Data processing	258,366	169,538
Printing and stationery	119,706	90,212
Travelling expenses	35,488	26,259
Telephone, telegrams and postage	35,313	15,769
Advertising and publicity	29,131	24,267
Meetings and staff training	24,609	21,809
Automobile expenses	23,730	17,394
Miscellaneous supplies and services	14,460	12,231
Professional services	12,209	1,557
Members' allowances and expenses	11,556	6,137
Fees and expenses - arbitration board	8,471	3,080
Equipment and furniture purchases *(note 1e)*	6,933	3,390
	3,334,250	2,489,015

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS
March 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Commission uses the accrual basis of accounting except for administrative expenses which is on the cash basis although an additional thirty days is allowed to pay for goods and services pertaining to the fiscal year just ended.

(b) Provision for payment of unsettled indemnities

At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of deficit and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance

Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1983. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums

Unearned premiums represent premiums received for the winter wheat crop which is harvested in the early spring. The deadline for applying for insurance coverage occurred prior to March 31, 1983 and accordingly, the insurance coverage was in force at March 31, 1983 and the premiums cannot be refunded.

(e) Fixed assets

The costs of automobile, equipment and furniture purchases are expensed in the year of acquisition.

2. ADMINISTRATION

(a) Administrative expenses

Administrative expenses are paid out of moneys appropriated therefor by the Legislature of the Province of Ontario. The Commission has absorbed certain administrative expenses of the Farm Income Stabilization Commission of Ontario.

(b) Accommodation

Office space is provided by the Ministry of Agriculture and Food without charge.

3. ADVANCES FROM THE TREASURER OF ONTARIO

The Commission borrows funds from the Treasurer of Ontario to finance the deficit. Part of the advance has a fixed interest rate of 11.725 per cent to October 31, 1984 (1983 - $35,457,311; 1982 - $31,391,331). The remainder has a fixed interest rate of 11.25 per cent to January 31, 1988 (1983 - $12,074,897; 1982 - nil). There is no set repayment schedule.

4. PREMIUM ADJUSTMENT

The Government of Canada and the Province have contributed $15,000,000 each to the Crop Insurance Commission on behalf of producers for premiums covering a number of specific crops including flue-cured tobacco which incurred major crop losses during the 1982 crop year.

5. SUBSEQUENT EVENT

Due to adverse growing conditions during the 1983 crop year, the Commission expects to incur heavy losses with respect to certain insured crops including corn, soybeans, spring grain, green peas and tomatoes. However, it is not practicable to reasonably estimate the extent of such losses at this point in time.

CANADA - ONTARIO CROP INSURANCE PROGRAM
SUMMARY OF SALES & CLAIMS EXPERIENCE BY CROP

(as at March 31, 1983)

Crop	Contracts At Risk	Acreage Insured	Amount of Insurance $	Total Premium $	No. of Claims	Claim Amount $	Loss or Gain $	Losses to Contracts %	Ratio of Claims to Premium %
Winter Wheat	3073	69,682.5	10,240,257.06	1,211,077.52	1832	2,122,230.69	-911,153.17	60	175
Spring Grain	4607	229,196.7	13,274,146.28	1,968,993.92	732	544,222.00	1,424,771.92	16	28
Corn	6181	581,144.4	96,711,011.57	6,890,802.84	1030	2,868,979.56	4,021,823.28	17	42
Soybeans	3821	355,527.7	50,669,452.24	3,131,734.58	498	814,146.72	2,317,587.86	13	26
White Beans	1618	85,202.5	14,368,535.83	1,554,010.60	415	786,886.85	767,123.75	26	51
Late Potatoes	29	1,370.6	975,142.40	101,424.64	9	81,283.00	20,141.64	31	80
Hay & Pasture	1317	179,005.5	12,145,708.00	621,479.30	469	664,061.79	-42,510.49	36	107
Col. Beans	198	10,584.0	1,967,008.71	257,432.26	63	277,710.48	-20,278.22	32	108
New Seeding	2074	52,642.5	1,655,031.80	221,288.64	336	184,326.95	36,961.69	16	83
Peppers	68	657.7	434,591.20	71,864.40	9	22,311.80	49,552.60	13	31
Rutabagas	13	699.5	347,480.80	43,890.00	3	3,640.00	40,250.00	23	8
Tomatoes	951	25,605.0	26,970,883.80	1,724,638.16	214	990,166.30	734,471.86	23	57
Green Peas	451	16,764.8	5,237,591.13	486,326.62	137	510,485.43	-24,158.81	30	105
Sweet Corn	428	22,293.6	6,172,291.38	500,066.26	62	182,798.80	317,267.46	14	37
Seed Corn	431	26,343.4	12,953,601.62	853,292.38	22	101,511.11	751,781.27	5	12
Gr. & Wax Beans	84	2,790.3	1,002,271.92	121,657.08	26	82,038.52	39,618.56	31	67
Lima Beans	33	954.3	388,650.15	70,618.20	11	44,830.50	25,787.70	33	63
Popping Corn	8	313.5	100,435.10	9,405.00	0	0.00	9,405.00	0	0
Apples	327	9,411.3	9,899,328.07	1,279,444.52	69	1,482,506.43	-203,061.91	21	116
Grapes	218	9,258.1	7,725,800.64	500,346.00	74	475,763.13	24,582.87	34	95
Peaches	63	1,277.8	1,361,292.54	198,898.32	21	95,775.64	103,122.68	33	48
Pears	103	870.0	613,292.12	91,343.82	20	71,636.18	19,707.64	19	78
Sweet Cherries	58	298.9	140,605.86	41,924.58	22	22,329.40	19,595.18	38	53
Sour Cherries	83	931.2	686,669.33	134,831.74	13	14,517.36	120,314.38	16	11
Plums	39	225.0	158,856.50	28,909.26	4	5,384.54	23,524.72	10	19
F.C. Tobacco	2444	129,790.4	188,212,989.56	10,263,399.70	2261	61,355,304.15	-51,091,904.45	93	598
Burley Tobacco	223	1,054.5	1,862,497.10	120,341.14	8	63,905.80	56,435.34	4	53
Black Tobacco	26	147.5	162,466.37	14,514.00	3	1,050.00	13,464.00	12	7
Seed Onions	51	1,025.2	1,314,402.30	104,600.00	9	44,962.50	59,637.50	18	43
Set Onions	14	187.0	155,411.74	16,082.00	2	4,441.50	11,640.50	14	28
Spanish Onions	9	94.7	144,002.60	20,140.00	3	2,632.00	17,508.00	33	13
Red Beets	5	177.0	67,230.00	9,215.64	0	0.00	9,215.64	0	0
Cauliflower	25	245.6	159,576.00	28,909.38	2	2,062.40	26,846.98	8	7
Early Potatoes	12	350.2	192,240.00	25,906.80	1	10,560.00	15,346.80	8	41
Sweet Corn Frh	16	214.7	67,178.75	9,088.04	5	7,515.80	1,572.24	31	83
Tomatoes Fresh	28	278.8	273,713.25	38,362.78	6	27,098.70	11,264.08	21	71
Cucumbers	91	889.4	381,966.75	51,983.28	13	7,942.70	44,040.58	14	15
Proc Carrots	6	110.0	64,200.0	8,208.00	1	1,224.00	6,984.00	17	15
Carrots	23	631.0	759,550.75	50,480.00	12	93,508.75	-43,028.75	52	185
Cabbage	18	164.7	67,058.20	9,163.34	0	0.00	9,163.34	0	0
Pumpkin & Squash	7	44.5	10,272.50	1,406.60	1	293.13	1,113.47	14	21
Strawberries	12	66.8	59,003.33	8,610.72	0	0.00	8,610.72	0	0
Parsnips	10	154.0	127,680.00	17,875.20	5	35,052.00	-17,176.80	50	196
Lettuce	4	53.0	37,100.00	5,194.00	3	7,989.00	-2,795.00	75	154
Celery	4	31.2	33,825.40	4,735.56	1	500.00	4,235.56	25	11
PROVINCE TOTAL	29304	1,818,762.1	470,352,300.6	32,923,916.82	8427	74,115,585.61	-41,191,596.79	29	225
1983/1984 PRODUCTION RESULTS									
Winter Wheat	4302	193,679.1	28,049,774.6	1,987,867.32					

GROWTH OF THE CANADA-ONTARIO CROP INSURANCE PROGRAM

(as at March 31, 1983)

	76/77	77/78	78/79	79/80	80/81	81/82	82/83	Total Subsidized Premium $	Total Claims Paid $	Gain or Loss $	Loss Ratio %
Apples	296	323	352	348	341	338	327	6,109,985	7,097,626	(987,641)	116.2
Black Tobacco		77	53	45	52	40	26	130,552	78,440	52,112	60.1
Burley Tobacco	202	208	165	161	169	166	223	406,134	333,647	72,487	82.2
Cabbage						14	18	14,706	3,330	11,376	22.6
Marsh Carrots						20	23	111,560	192,134	(80,574)	172.2
Proc Carrots						3	6	15,186	1,224	13,962	8.1
Cauliflower						12	25	42,590	46,721	(4,131)	109.7
Celery							4	4,736	500	4,236	10.6
Coloured Beans	145	136	194	168	294	395	198	1,948,723	2,059,934	(111,211)	105.7
Corn	6,176	6,340	6,216	6,519	6,290	6,409	6,181	42,578,423	32,737,733	9,840,690	76.9
Cucumbers						69	91	85,092	45,644	39,448	53.6
Early Potatoes						5	12	40,097	16,320	23,777	40.7
Flue Cured Tobacco	1,643	1,890	2,181	2,158	2,842	2,762	2,444	48,965,211	121,237,542	(72,272,331)	247.6
Grapes	140	170	177	182	193	194	218	2,462,930	1,959,372	503,558	79.6
Green Peas	480	443	471	483	447	428	451	3,091,702	3,393,392	(301,690)	109.8
Green & Wax Beans	53	66	78	83	89	86	84	532,820	846,597	(313,777)	158.9
Hay & Pasture		1,288	1,979	1,889	1,609	1,525	1,317	4,782,835	6,160,549	(1,377,714)	128.8
Late Potatoes	47	55	54	52	-	29	29	832,981	770,339	62,642	92.5
Lettuce							4	5,194	7,989	(2,795)	153.8
Lima Beans	53	47	51	49	30	31	33	322,707	401,987	(79,280)	124.6
New Forage Seeding	2,382	2,349	2,590	2,704	2,260	2,059	2,074	1,229,984	1,139,119	90,865	92.6
Parsnips							10	17,875	35,052	(17,177)	196.1
Peaches	116	149	140	125	54	46	63	1,116,041	1,911,310	(795,269)	171.3
Pears	86	120	115	111	105	104	103	423,775	518,998	(95,223)	122.5
Peppers		34	31	37	34	61	68	189,954	109,641	80,313	57.7
Plums		35	40	42	43	42	39	99,286	104,627	(5,341)	105.4
Popping Corn						44	8	78,018	252,217	(174,199)	323.3
Pumpkin & Squash						7	7	2,496	293	2,203	11.7
Red Beets	23	21	18	15	10	7	5	73,405	20,223	53,182	27.6
Rutabagas						19	13	134,290	153,550	(19,260)	114.3
Seed Corn	269	316	320	352	327	427	431	3,965,607	2,758,171	1,207,436	69.6

Seed Onions	18	26	24	24	24	48	51	357.862	310.580	47.282	86.8
Set Onions	17	16	17	17	13	16	14	76.419	75.209	1.210	98.4
Sour Cherries	53	79	81	83	83	85	83	659.654	1.124.432	(464.778)	170.5
Soybeans	1.209	1.696	2.105	2.584	2.517	2.830	3.821	11.626.235	8.926.818	2.699.417	76.8
Spanish Onions						9	9	45.846	128.309	(82.463)	279.9
Spring Grain	4.892	4.889	4.940	4.880	4.526	4.263	4.607	11.921.697	11.451.605	470.092	96.1
Strawberries						4	12	13.562	5.633	7.929	41.5
Sweet Cherries	39	75	60	64	57	56	58	310.330	507.554	(197.224)	163.6
Sweet Corn	464	411	438	452	452	446	428	3.132.648	2.939.109	193.539	93.8
Sweet Corn (Fresh)						11	16	12.855	10.616	2.239	82.6
Tomatoes	1.017	1.053	1.099	1.021	986	956	951	10.447.721	8.525.755	1.921.966	81.6
Tomatoes (Fresh)						9	28	46.467	30.533	15.934	65.7
White Beans	1.592	1.694	1.776	1.186	1.293	1.561	1.618	10.145.796	15.822.692	(5.676.896)	156.0
Winter Wheat	2.123	2.706	2.394	2.824	2.922	2.963	3.073	7.655.328	5.892.843	1.762.485	77.0
Inactive Plans	-	-	-	-	-	-	-	516.095	1.221.319	(705.224)	236.7
TOTALS	23.535	26.712	28.159	28.659	28.062	28.599	29.304	176. 783.410	241.367.228	(64.583.818)	136.5

70-71 - 4.189 | 71-72 - 4.961 | 72-73 - 8.246 | 73-74 - 13.208 | 74-75 - 18.555 | 75-76 - 22.740